

HOUSE BILL 1148

Unofficial Copy  
Q7

1999 Regular Session  
(9lr2536)

*ENROLLED BILL*  
*-- Ways and Means/Budget and Taxation --*

Introduced by **Delegate Hixson (Montgomery County Administration) and  
Delegates Kopp, Goldwater, and Hurson**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Tax Credits - New or Expanded Business Premises**

3 FOR the purpose of clarifying the process by which counties and municipal  
4 corporations elect to allow certain business entities to qualify for certain tax  
5 credits; clarifying that certain premises must be newly constructed to qualify for  
6 a tax credit; providing for notice and certification procedures; providing for a  
7 limited time in which the credits must be earned; providing that the affiliates of  
8 certain business entities are included for certain purposes relating to qualifying  
9 for and claiming certain enhanced property tax credits for certain new or  
10 expanded business premises and certain newly renovated premises under  
11 certain circumstances; eliminating a prohibition against granting the credits to  
12 a business entity that has been certified for a certain other tax credit; providing  
13 for the calculation of enhanced property tax credits allowed for certain business  
14 entities, including their affiliates, that satisfy certain requirements; providing  
15 that additional requirements must be met for business entities, including their  
16 affiliates, to qualify for the enhanced property tax credit; revising certain tax

1 credit recapture provisions; ~~altering~~ clarifying a requirement that a lessor of  
2 real property eligible for certain tax credits make certain reductions under a  
3 lease agreement under certain circumstances; providing for the continuing  
4 eligibility of a business entity that has qualified for certain tax credits for the  
5 tax credits for their full scheduled terms even if this Act is repealed, amended or  
6 abrogated; *repealing certain tax credits with respect to the public service*  
7 *company franchise tax*; repealing certain termination provisions applicable to  
8 certain tax credits; providing for the applicability of this Act; *requiring the*  
9 *Department of Business and Economic Development to initiate and negotiate a*  
10 *certain compact and encourage the enactment of certain legislation*; *requiring the*  
11 *Department to report to the Governor and the General Assembly on or before a*  
12 *certain date*; providing for the effect of certain notification regarding certain  
13 actions taken before the effective date of this Act; defining certain terms;  
14 altering and deleting certain definitions; and generally relating to certain  
15 property tax and State tax credits granted to certain business entities that  
16 construct or expand certain new or expanded business premises under certain  
17 circumstances.

18 BY repealing and reenacting, with amendments,

19 Article - Insurance

20 Section 6-116

21 Annotated Code of Maryland

22 (1997 Volume and 1998 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article - Tax - General

25 Section 8-217, ~~8-414~~, and 10-704.8

26 Annotated Code of Maryland

27 (1997 Replacement Volume and 1998 Supplement)

28 BY repealing

29 Article - Tax - General

30 Section 8-414

31 Annotated Code of Maryland

32 (1997 Replacement Volume and 1998 Supplement)

33 BY repealing and reenacting, with amendments,

34 Article - Tax - Property

35 Section 9-230

36 Annotated Code of Maryland

37 (1994 Replacement Volume and 1998 Supplement)

38 BY repealing and reenacting, with amendments,

39 Chapter 623 of the Acts of the General Assembly of 1997, as amended by

40 Chapter 623 of the Acts of the General Assembly of 1998

1 Section 2 and 3

2 BY repealing and reenacting, with amendments,  
3 Chapter 624 of the Acts of the General Assembly of 1997, as amended by  
4 Chapter 623 of the Acts of the General Assembly of 1998  
5 Section 2 and 3

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article - Insurance**

9 6-116.

10 An insurer may claim a State tax credit against the premium tax payable under  
11 this subtitle [for new or expanded business premises] as provided under §  
12 9-230(f)(1) of the Tax - Property Article.

13 **Article - Tax - General**

14 8-217.

15 A financial institution may claim a State tax credit against the financial  
16 institution franchise tax payable under this subtitle [for new or expanded business  
17 premises] as provided under § 9-230(f)(1) of the Tax - Property Article.

18 ~~8-414.~~

19 ~~A public service company may claim a State tax credit against the public service~~  
20 ~~company franchise tax payable under this subtitle [for new or expanded business~~  
21 ~~premises] as provided under § 9-230(f)(1) of the Tax - Property Article.~~

22 10-704.8.

23 An individual or a corporation may claim a State tax credit against the income  
24 tax [for new or expanded business premises] as provided under § 9-230(f)(1) of the  
25 Tax - Property Article.

26 **Article - Tax - Property**

27 9-230.

28 (a) (1) In this section the following words have the meanings indicated.

29 (2) "AFFILIATE" MEANS A PERSON:

30 (I) THAT DIRECTLY OR INDIRECTLY OWNS AT LEAST 80% OF A  
31 BUSINESS ENTITY; OR

1 (II) 80% OF WHICH IS OWNED, DIRECTLY OR INDIRECTLY, BY A  
2 BUSINESS ENTITY.

3 [(2)] (3) "Business entity" means a person conducting a trade or  
4 business in the State, that is subject to the State individual or corporate income tax,  
5 insurance premiums tax, financial institution franchise tax, or public service  
6 company franchise tax.

7 (4) "FULL-TIME POSITION" MEANS A POSITION REQUIRING AT LEAST 840  
8 HOURS OF AN EMPLOYEE'S TIME DURING AT LEAST 24 WEEKS IN A 6-MONTH PERIOD.

9 [(3)] (5) (i) "New permanent full-time position" means a position that  
10 is:

- 11 1. a full-time position of indefinite duration;
- 12 2. located in Maryland;
- 13 3. newly created, as a result of the establishment or  
14 expansion of a business facility in the State; and
- 15 4. filled.

16 (ii) "New permanent full-time position" does not include a position  
17 that is:

- 18 1. created when an employment function is shifted from an  
19 existing business facility of the business entity OR ITS AFFILIATES located in  
20 Maryland to another business facility of the same business entity OR ITS AFFILIATES,  
21 if the position does not represent a net new job in the State;
- 22 2. created through a change in ownership of a trade or  
23 business;
- 24 3. created through a consolidation, merger, or restructuring  
25 of a business entity OR ITS AFFILIATES, if the position does not represent a net new  
26 job in the State;
- 27 4. created when an employment function is contractually  
28 shifted from an existing business entity OR ITS AFFILIATES, located in the State to  
29 another business entity OR ITS AFFILIATES, if the position does not represent a net  
30 new job in the State; or
- 31 5. filled for a period of less than 12 months.

32 [(4)] (6) "New or expanded premises" means real property, including a  
33 building or part of a building that has not been previously occupied, where a business  
34 entity [locates] OR ITS AFFILIATES LOCATE to conduct [its] business.

1           [(5)     "Assessed value" is the value of real property as determined by the  
2 Department to which a county or municipal corporation property tax rate may be  
3 applied.]

4           (7)     "NOTIFICATION DATE" MEANS THE DATE ON WHICH THE BUSINESS  
5 ENTITY PROVIDES WRITTEN NOTICE TO THE COUNTY OR MUNICIPAL CORPORATION  
6 AS REQUIRED UNDER SUBSECTION (B)(6) OF THIS SECTION.

7       (b)     (1)     The Mayor and City Council of Baltimore City or the governing body  
8 of a county or of a municipal corporation may ENACT LEGISLATION NECESSARY TO  
9 grant[, by law,] EITHER [a] property tax [credit] CREDITS, ENHANCED PROPERTY  
10 TAX CREDITS, OR BOTH TYPES OF PROPERTY TAX CREDITS against the county or  
11 municipal corporation property tax imposed on real property owned or leased by [a]  
12 business [entity] ENTITIES that [meets] MEET the requirements specified FOR THE  
13 APPLICABLE TAX CREDIT under [subsection (c)(1) and (2) of] this section and on  
14 personal property owned by [that] business [entity] ENTITIES that [meets] MEET  
15 the requirements specified under [subsection (d) of] this section.

16           (2)     (I)     If a property tax credit ~~OR ENHANCED PROPERTY TAX CREDIT~~  
17 is granted under [paragraph (1) of this subsection] ~~THIS SECTION~~, a business entity  
18 that meets the requirements FOR THE ~~PROPERTY TAX CREDIT OR ENHANCED~~  
19 ~~PROPERTY TAX CREDIT UNDER~~ [specified under subsection (c)(3) of] this section AND  
20 OBTAINS CERTIFICATION FROM THE COUNTY OR MUNICIPAL CORPORATION may  
21 claim a State tax credit against the individual or corporate income tax, insurance  
22 premiums tax, OR financial institution franchise tax, ~~or public service company~~  
23 ~~franchise tax~~ as provided under [subsection (f)] ~~SUBSECTIONS~~ SUBSECTION(C)(3)  
24 ~~AND (D)(4)~~ of this section.

25           (II)     IF AN ENHANCED PROPERTY TAX CREDIT IS GRANTED UNDER  
26 THIS SECTION AND A BUSINESS ENTITY AND ITS AFFILIATES MEET THE  
27 REQUIREMENTS FOR THE ENHANCED PROPERTY TAX CREDIT AND OBTAIN  
28 CERTIFICATION FROM THE COUNTY OR MUNICIPAL CORPORATION, THE BUSINESS  
29 ENTITY OR ANY OF ITS AFFILIATES MAY CLAIM A STATE TAX CREDIT AGAINST THE  
30 INDIVIDUAL OR CORPORATE INCOME TAX, INSURANCE PREMIUMS TAX, OR  
31 FINANCIAL INSTITUTION FRANCHISE TAX, ~~OR PUBLIC SERVICE COMPANY~~  
32 FRANCHISE TAX AS PROVIDED UNDER SUBSECTION (D)(4) OF THIS SECTION.

33       [(c)     (1)     To qualify for a tax credit under this section, a business entity shall:

34           (i)     construct or expand by at least 5,000 square feet the premises  
35 on which it conducts its business, through purchasing or constructing new premises  
36 or by leasing new premises; and

37           (ii)    employ at least 25 individuals in new permanent full-time  
38 positions in the new or expanded premises.

39       (2)]     (3)     A tax credit may not be granted under this section if:

1 (i) the business entity [has] OR ANY OF ITS AFFILIATES HAVE  
2 moved [its] THEIR operations from one [political subdivision] COUNTY in the State  
3 to THE NEW OR EXPANDED PREMISES IN another; OR

4 (ii) the new or expanded premises has otherwise been granted a tax  
5 credit or exemption under this article for the taxable year[]; or

6 (iii) the business entity has been certified for a tax credit under  
7 Article 83A, § 5-1102 of the Code].

8 [(3)] (4) [In addition to the requirements under paragraphs (1) and (2)  
9 of this subsection, to] TO qualify for a tax credit under this section, the new or  
10 expanded premises must be located in a priority funding area as designated in Title 5,  
11 Subtitle 7B of the State Finance and Procurement Article.

12 [(d)] (5) To qualify for a property tax credit under this section against  
13 property tax imposed on personal property a business entity shall certify that the  
14 personal property is located on the new or expanded premises that qualify for a  
15 PROPERTY tax credit OR ENHANCED PROPERTY TAX CREDIT under [subsection (c) of]  
16 this section.

17 (6) TO QUALIFY FOR A TAX CREDIT UNDER THIS SECTION, BEFORE IT  
18 OBTAINS THE NEW OR EXPANDED PREMISES OR HIRES EMPLOYEES TO FILL THE  
19 NEW PERMANENT FULL-TIME POSITIONS AT THE NEW OR EXPANDED PREMISES, A  
20 BUSINESS ENTITY SHALL PROVIDE WRITTEN NOTIFICATION TO THE COUNTY OR  
21 MUNICIPAL CORPORATION IN WHICH THE NEW OR EXPANDED PREMISES ARE  
22 LOCATED:

23 (I) THAT IT INTENDS TO CLAIM THE PROPERTY TAX CREDIT OR  
24 ENHANCED PROPERTY TAX CREDIT;

25 (II) IF IT INTENDS TO CLAIM THE ENHANCED PROPERTY TAX  
26 CREDIT, HOW IT EXPECTS TO MEET THE REQUIREMENTS TO QUALIFY FOR THE  
27 ENHANCED PROPERTY TAX CREDIT; AND

28 (III) WHEN IT EXPECTS TO OBTAIN THE NEW OR EXPANDED  
29 PREMISES AND HIRE THE REQUIRED NUMBER OF EMPLOYEES IN THE NEW  
30 PERMANENT FULL-TIME POSITIONS.

31 (7) IF A BUSINESS ENTITY MEETS THE REQUIREMENTS FOR A TAX  
32 CREDIT UNDER THIS SECTION, THE COUNTY OR MUNICIPAL CORPORATION SHALL  
33 CERTIFY TO THE DEPARTMENT AND THE DEPARTMENT OF BUSINESS AND  
34 ECONOMIC DEVELOPMENT THAT THE BUSINESS ENTITY HAS MET THE  
35 REQUIREMENTS FOR THE TAX CREDIT FOR THE TAXABLE YEAR THAT FOLLOWS THE  
36 DATE ON WHICH IT MET THE REQUIREMENTS.

37 (C) (1) TO QUALIFY FOR A PROPERTY TAX CREDIT UNDER THIS  
38 SUBSECTION, A BUSINESS ENTITY SHALL:

1 (I) OBTAIN AT LEAST 5,000 SQUARE FEET OF NEW OR EXPANDED  
 2 PREMISES BY PURCHASING NEWLY CONSTRUCTED PREMISES, CONSTRUCTING NEW  
 3 PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR LEASING NEWLY  
 4 CONSTRUCTED PREMISES; AND

5 (II) EMPLOY AT LEAST 25 INDIVIDUALS IN NEW PERMANENT  
 6 FULL-TIME POSITIONS DURING A 24-MONTH PERIOD, DURING WHICH PERIOD THE  
 7 BUSINESS ENTITY MUST ALSO OBTAIN AND OCCUPY THE NEW OR EXPANDED  
 8 PREMISES.

9 [(e) (1)](2) [The governing body of] IF A BUSINESS ENTITY MEETS THE  
 10 REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION AND SUBSECTION (B) OF  
 11 THIS SECTION AND OF ~~ANY~~ APPLICABLE LOCAL LAW ADOPTED UNDER SUBSECTION  
 12 (B)(1) OF THIS SECTION, the county or municipal corporation shall compute the  
 13 amount of the property tax credit granted under THIS subsection [(b)(1) of this  
 14 section] for new or expanded premises and the personal property located on those  
 15 premises that may be claimed against the county or municipal corporation property  
 16 taxes that would otherwise be due to equal a percentage of the amount of property tax  
 17 imposed on the [assessed value] ASSESSMENT of the new or expanded premises, as  
 18 follows:

- 19 (i) 52% for the 1st and 2nd taxable years;  
 20 (ii) 39% in the 3rd and 4th taxable years;  
 21 (iii) 26% in the 5th and 6th taxable years; and  
 22 (iv) 0% for each taxable year thereafter.

23 [(2) The county or municipal corporation shall notify the Department that  
 24 a business entity has been approved for the property tax credit and the assessed value  
 25 of the new or expanded premises.

26 (f) (1) (3) On receipt of ~~[notification]~~ ~~CERTIFICATION~~ under subsection  
 27 [(e)(2)] (B)(7) of this section, ~~THAT A BUSINESS ENTITY MEETS THE REQUIREMENTS~~  
 28 HAS BEEN CERTIFIED FOR A PROPERTY TAX CREDIT UNDER THIS SUBSECTION, the  
 29 Department shall compute and certify to the Comptroller OR, IN THE CASE OF THE  
 30 INSURANCE PREMIUMS TAX, THE MARYLAND INSURANCE COMMISSIONER, the  
 31 amount of the State tax credit authorized under THIS subsection [(b)(2) of this  
 32 section] that may be claimed against the individual or corporate income tax,  
 33 insurance premiums tax, OR financial institution franchise tax, ~~or public service~~  
 34 ~~company franchise tax~~ that would otherwise be due to equal a percentage of the  
 35 amount of property tax imposed on the [assessed value] ASSESSMENT of the new or  
 36 expanded premises, as follows:

- 37 (i) 28% in the 1st and 2nd taxable years;  
 38 (ii) 21% in the 3rd and 4th taxable years;  
 39 (iii) 14% in the 5th and 6th taxable years; and

1 (iv) 0% for each taxable year thereafter.

2 (D) (1) FOR A BUSINESS ENTITY TO QUALIFY FOR AN ENHANCED PROPERTY  
3 TAX CREDIT UNDER THIS SUBSECTION, THE BUSINESS ENTITY, ALONG WITH ITS  
4 AFFILIATES, SHALL:

5 (I) 1. OBTAIN AT LEAST ~~300,000~~ 250,000 SQUARE FEET ~~OR OF~~  
6 NEW OR EXPANDED PREMISES BY PURCHASING NEWLY CONSTRUCTED PREMISES,  
7 CONSTRUCTING NEW PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR  
8 LEASING NEWLY CONSTRUCTED PREMISES;

9 2. CONTINUE TO EMPLOY AT LEAST ~~2,000~~ 2,500 INDIVIDUALS  
10 IN EXISTING PERMANENT FULL-TIME POSITIONS ~~IN THE STATE~~ PAYING AT LEAST  
11 150% OF THE FEDERAL MINIMUM WAGE ~~DURING EACH YEAR IN WHICH THE CREDIT~~  
12 ~~IS AND LOCATED AT PREMISES IN THE STATE WHERE THE BUSINESS ENTITY, ALONG~~  
13 ~~WITH ITS AFFILIATES, IS PRIMARILY ENGAGED IN ONE OR MORE OF THE INDUSTRIES~~  
14 ~~LISTED IN PARAGRAPH (2) OF THIS SUBSECTION CLAIMED;~~ AND

15 3. EMPLOY AT LEAST 500 INDIVIDUALS IN NEW PERMANENT  
16 FULL-TIME POSITIONS PAYING AT LEAST 150% OF THE FEDERAL MINIMUM WAGE  
17 AND LOCATED IN THE NEW OR EXPANDED PREMISES, AND, IF APPLICABLE, IN  
18 NEWLY RENOVATED PREMISES ADJOINING OR OTHERWISE NEIGHBORING THE NEW  
19 OR EXPANDED PREMISES, ~~DURING EACH YEAR IN WHICH THE CREDIT IS CLAIMED;~~  
20 OR

21 (II) 1. OBTAIN AT LEAST ~~300,000~~ 250,000 SQUARE FEET OF NEW  
22 OR EXPANDED PREMISES BY PURCHASING NEWLY CONSTRUCTED PREMISES,  
23 CONSTRUCTING NEW PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR  
24 LEASING NEWLY CONSTRUCTED PREMISES; AND

25 2. EMPLOY AT LEAST ~~4,000~~ 1,250 INDIVIDUALS IN NEW  
26 PERMANENT FULL-TIME POSITIONS PAYING AT LEAST 150% OF THE FEDERAL  
27 MINIMUM WAGE AND LOCATED IN THE NEW OR EXPANDED PREMISES AND, IF  
28 APPLICABLE, IN NEWLY RENOVATED PREMISES ADJOINING OR OTHERWISE  
29 NEIGHBORING THE NEW OR EXPANDED PREMISES, ~~DURING EACH YEAR IN WHICH~~  
30 ~~THE CREDIT IS CLAIMED.~~

31 (2) FOR A BUSINESS ENTITY TO QUALIFY FOR AN ENHANCED PROPERTY  
32 TAX CREDIT UNDER THIS SUBSECTION, THE BUSINESS ENTITY, ALONG WITH ITS  
33 AFFILIATES, SHALL BE PRIMARILY ENGAGED IN ONE OR MORE OF THE FOLLOWING  
34 AT THE QUALIFYING PREMISES:

35 (I) MANUFACTURING OR MINING;

36 (II) TRANSPORTATION OR COMMUNICATIONS;

37 (III) AGRICULTURE, FORESTRY, OR FISHING;

38 (IV) RESEARCH, DEVELOPMENT, OR TESTING;



1 (V) BIOTECHNOLOGY;

2 (VI) COMPUTER PROGRAMMING, DATA PROCESSING, OR OTHER  
3 COMPUTER-RELATED SERVICES;

4 (VII) CENTRAL FINANCIAL, REAL ESTATE, OR INSURANCE SERVICES  
5 AS DEFINED IN ARTICLE 83A, § 5-1101 OF THE CODE;

6 (VIII) THE OPERATION OF CENTRAL ADMINISTRATIVE OFFICES OR A  
7 COMPANY HEADQUARTERS AS DEFINED IN ARTICLE 83A, § 5-1101 OF THE CODE;

8 (IX) A PUBLIC UTILITY;

9 (X) WAREHOUSING; OR

10 (XI) BUSINESS SERVICES.

11 (3) TO QUALIFY FOR THE ENHANCED PROPERTY TAX CREDIT UNDER  
12 THIS SUBSECTION, A BUSINESS ENTITY SHALL:

13 (I) WITHIN A 6-YEAR PERIOD BEGINNING ON THE NOTIFICATION  
14 DATE, EMPLOY INDIVIDUALS IN THE NUMBER OF NEW PERMANENT FULL-TIME  
15 POSITIONS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION;

16 (II) DURING THE 6-YEAR HIRING PERIOD, OBTAIN AND OCCUPY  
17 THE NEW OR EXPANDED PREMISES AND, IF APPLICABLE, THE NEWLY RENOVATED  
18 PREMISES ADJOINING OR OTHERWISE NEIGHBORING THE NEW OR EXPANDED  
19 PREMISES; AND

20 (III) DURING THE 6-YEAR HIRING PERIOD, COMPLY WITH ALL  
21 OTHER REQUIREMENTS FOR THE CREDITS DESCRIBED IN THIS SUBSECTION AND IN  
22 ANY APPLICABLE LOCAL LAW.

23 (4) (I) IF A BUSINESS ENTITY MEETS THE REQUIREMENTS OF THIS  
24 SUBSECTION AND SUBSECTION (B) OF THIS SECTION AND OF ~~ANY~~ APPLICABLE  
25 LOCAL LAW ADOPTED UNDER SUBSECTION (B)(1) OF THIS SECTION, FOR EACH OF  
26 THE FIRST 12 TAXABLE YEARS AFTER IT QUALIFIES FOR THE CREDIT, ~~THE BUSINESS~~  
27 ~~ENTITY MAY CLAIM~~ A PROPERTY TAX CREDIT MAY BE CLAIMED AGAINST THE  
28 COUNTY OR MUNICIPAL CORPORATION PROPERTY TAXES THAT WOULD OTHERWISE  
29 BE DUE.

30 (II) THE COUNTY OR MUNICIPAL CORPORATION SHALL COMPUTE  
31 THE AMOUNT OF THE PROPERTY TAX CREDIT GRANTED TO EQUAL 58.5% OF THE  
32 AMOUNT OF PROPERTY TAX IMPOSED ON THE INCREASE IN ASSESSMENT OF:

33 1. THE NEW OR EXPANDED PREMISES;

34 2. NEWLY RENOVATED REAL PROPERTY IMPROVEMENTS  
35 ADJOINING OR OTHERWISE NEIGHBORING THE NEW OR EXPANDED PREMISES, IF  
36 THE RENOVATIONS ARE SUBSTANTIAL, AS DEFINED IN LEGISLATION ENACTED BY

1 THE COUNTY OR MUNICIPAL CORPORATION TO GRANT THE CREDITS UNDER THIS  
2 SUBSECTION; AND

3 3. THE PERSONAL PROPERTY LOCATED ON THE PREMISES  
4 DESCRIBED IN ITEMS 1 AND 2 OF THIS SUBPARAGRAPH.

5 (III) THE INCREASE IN ASSESSMENT SHALL BE MEASURED FROM  
6 THE NOTIFICATION DATE TO THE APPLICABLE ANNUAL ASSESSMENT DATE AFTER  
7 THE COUNTY OR MUNICIPAL CORPORATION HAS CERTIFIED THAT THE BUSINESS  
8 ENTITY HAS QUALIFIED FOR THE CREDIT.

9 (5) ON RECEIPT OF ~~CERTIFICATION~~ NOTIFICATION UNDER SUBSECTION  
10 (B)(7) OF THIS SECTION THAT A BUSINESS ENTITY ~~MEETS THE REQUIREMENTS HAS~~  
11 ~~BEEN CERTIFIED~~ FOR AN ENHANCED PROPERTY TAX CREDIT UNDER THIS  
12 SUBSECTION, THE DEPARTMENT SHALL COMPUTE AND CERTIFY TO THE  
13 COMPTROLLER OR, IN THE CASE OF THE INSURANCE PREMIUMS TAX, THE  
14 MARYLAND INSURANCE COMMISSIONER, THE AMOUNT OF THE STATE TAX CREDIT  
15 AUTHORIZED UNDER THIS SUBSECTION THAT MAY BE CLAIMED BY THE BUSINESS  
16 ENTITY OR ANY OF ITS AFFILIATES AGAINST THE INDIVIDUAL OR CORPORATE  
17 INCOME TAX, INSURANCE PREMIUMS TAX, OR FINANCIAL INSTITUTION FRANCHISE  
18 TAX, ~~OR PUBLIC SERVICE COMPANY FRANCHISE TAX~~ THAT WOULD OTHERWISE BE  
19 DUE TO EQUAL 31.5% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE  
20 ~~ASSESSMENT OF THE NEW OR EXPANDED~~ INCREASE IN ASSESSMENT OF THE REAL  
21 AND PERSONAL PROPERTY DESCRIBED IN PARAGRAPH (4)(II) OF THIS SUBSECTION  
22 ~~PREMISES~~ FOR EACH OF THE FIRST 12 TAXABLE YEARS FOR WHICH THE CREDIT IS  
23 ALLOWED.

24 (6) IF A BUSINESS ENTITY THAT OR ANY OF ITS AFFILIATES CLAIMS THE  
25 ENHANCED TAX CREDITS UNDER THIS SUBSECTION FOR A CERTAIN PREMISES, THEY  
26 MAY NOT CLAIM THE TAX CREDITS UNDER SUBSECTION (C) OF THIS SECTION.

27 [(2)] (E) The same State tax credit cannot be applied more than once  
28 against different taxes by the same taxpayer.

29 [(3)] (F) If the State tax credit allowed under this [subsection] SECTION  
30 in any taxable year exceeds the total tax otherwise payable by the business entity for  
31 that taxable year, a business entity OR ITS AFFILIATES may apply the excess as a  
32 credit for succeeding taxable years until the earlier of:

33 (i) (1) the full amount of the excess is used; or

34 (ii) (2) the expiration of the 5th taxable year after the taxable  
35 year in which the State tax credit is claimed.

36 [(4)] (G) The Maryland Insurance Commissioner shall adopt regulations  
37 to provide for the computation, carryover, and recapture of the State tax credit under  
38 § 6-116 of the Insurance Article.

1           [(5)]   (H)    The Department shall adopt regulations to provide for the  
2 computation, carryover, and recapture of the State tax credit under ~~§§ 8-217 and~~  
3 ~~8-414 § 8-217~~ of the Tax - General Article.

4           [(6)]   (I)    The Comptroller shall adopt regulations to provide for the  
5 computation, carryover, and recapture of the State tax credit under § 10-704.8 of the  
6 Tax - General Article.

7           [(g)]   (J)    The lessor of real property eligible for PROPERTY tax credits under  
8 [subsection (b) of] this section shall reduce by the amount of the PROPERTY tax  
9 credits computed under ~~subsections (e) and (f) of~~ this section the amount of taxes for  
10 which the eligible business entity is contractually liable under the lease agreement.

11          [(h)]   (K)    The governing body of the county or municipal corporation shall  
12 provide, by law, for:

13           (1)    the specific requirements for eligibility for a tax credit authorized  
14 under this section;

15           (2)    any additional limitations on eligibility for the credit;

16           [(3)]   a provision requiring recapture of the property and State tax credits  
17 earned, if, during the 3 taxable years succeeding any year in which a credit was  
18 earned, the business entity fails to satisfy the applicable thresholds to qualify for a  
19 property tax credit required under subsection (c) of this section;

20           (4)]   (3)    the information to be supplied by the business entity to a county  
21 or municipal corporation and the Comptroller to verify that the business entity is not  
22 subject to [item (3) of this] subsection (L) OF THIS SECTION; and

23           [(5)]   (4)    any other provision appropriate to implement the credit.

24          (L)    ALL CREDITS CLAIMED UNDER THIS SECTION FOR A TAXABLE YEAR  
25 SHALL BE RECAPTURED IF, DURING THE 3 TAXABLE YEARS SUCCEEDING THE  
26 TAXABLE YEAR IN WHICH A CREDIT WAS CLAIMED:

27           (1)    THE EMPLOYMENT LEVEL OR SQUARE FOOTAGE OF A BUSINESS  
28 ENTITY AT THE PREMISES FALLS BELOW THE APPLICABLE THRESHOLDS REQUIRED  
29 TO QUALIFY FOR THE PROPERTY TAX CREDIT UNDER SUBSECTION (C) OF THIS  
30 SECTION; OR

31           (2)    FOR THE ENHANCED PROPERTY TAX CREDIT, THE EMPLOYMENT  
32 LEVEL OR SQUARE FOOTAGE OF A BUSINESS ENTITY, TOGETHER WITH ITS  
33 AFFILIATES, AT THE PREMISES FALLS BELOW THE APPLICABLE THRESHOLDS  
34 REQUIRED TO QUALIFY FOR THE ENHANCED PROPERTY TAX CREDIT UNDER  
35 SUBSECTION (D) OF THIS SECTION.

36          (M)    ON OCTOBER 1 OF EACH YEAR, EACH COUNTY AND MUNICIPAL  
37 CORPORATION THAT HAS GRANTED TAX CREDITS UNDER THIS SECTION SHALL

1 REPORT TO THE DEPARTMENT, THE DEPARTMENT OF BUSINESS AND ECONOMIC  
2 DEVELOPMENT, AND THE COMPTROLLER:

3 (1) THE AMOUNT OF EACH CREDIT GRANTED FOR THAT YEAR; AND

4 (2) WHETHER THE BUSINESS ENTITY IS IN COMPLIANCE WITH THE  
5 REQUIREMENTS FOR THE TAX CREDIT.

6 (N) (1) AFTER A BUSINESS ENTITY HAS COMPLIED WITH ALL THE  
7 REQUIREMENTS PROVIDED IN THIS SECTION AND IN ANY APPLICABLE LOCAL LAW  
8 FOR A PARTICULAR TAX CREDIT, THE BUSINESS ENTITY SHALL BE ENTITLED TO  
9 CLAIM THE CREDITS FOR THE TERM PROVIDED IN THIS SECTION.

10 (2) NO ABROGATION OF THIS LAW OR LAW HEREINAFTER ENACTED  
11 THAT ELIMINATES OR REDUCES THE TAX CREDITS AVAILABLE UNDER THIS SECTION  
12 SHALL APPLY TO ANY BUSINESS ENTITY OR AFFILIATE OF A BUSINESS ENTITY THAT  
13 QUALIFIED FOR THE TAX CREDITS BEFORE THE EFFECTIVE DATE OF SUCH LAW OR  
14 ABROGATION.

15 **Chapter 623 of the Acts of 1997, as Amended by Chapter 623 of the Acts of**  
16 **1998**

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
18 applicable to all taxable years beginning after December 31, 1996 [but before  
19 January 1, 2008; provided, however, that the tax credits under § 9-230 of the Tax -  
20 Property Article, as enacted by Section 1 of this Act, shall be allowed for property and  
21 business entities that meet the criteria established in § 9-230(c) of the Tax - Property  
22 Article on or after October 1, 1997 but before January 1, 2003; and provided further  
23 that any excess State tax credits under § 9-230(f)(1) of the Tax - Property Article may  
24 be carried forward and, subject to the limitations under § 9-230(f)(3) of the Tax -  
25 Property Article, may be applied as a credit for taxable years beginning on or after  
26 January 1, 2008].

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
28 effect October 1, 1997. [Subject to the provisions of Section 2 of this Act, this Act shall  
29 remain in effect for a period of 5 years and 3 months and, at the end of December 31,  
30 2002, with no further action required by the General Assembly, this Act shall be  
31 abrogated and of no further force and effect].

32 **Chapter 624 of the Acts of 1997, as amended by Chapter 623 of the Acts of**  
33 **1998**

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
35 applicable to all taxable years beginning after December 31, 1996 [but before  
36 January 1, 2008; provided, however, that the tax credits under § 9-230 of the Tax -  
37 Property Article, as enacted by Section 1 of this Act, shall be allowed for property and  
38 business entitles that meet the criteria established in § 9-230(c) of the Tax - Property  
39 Article on or after October 1, 1997 but before January 1, 2003; and provided further  
40 that any excess State tax credits under § 9-230(f)(1) of the Tax - Property Article may

1 be carried forward and, subject to the limitations under § 9-230(f)(3) of the Tax -  
2 Property Article, may be applied as a credit for taxable years beginning on or after  
3 January 1, 2008].

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
5 effect October 1, 1997. [Subject to the provisions of Section 2 of this Act, this Act shall  
6 remain in effect for a period of 5 years and 3 months and, at the end of December 31,  
7 2002, with no further action required by the General Assembly, this Act shall be  
8 abrogated and of no further force and effect.]

9 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of  
10 Business and Economic Development shall initiate and negotiate with other states the  
11 development of an interstate compact to prohibit or reduce corporate raiding by states  
12 of other states' corporations, and shall encourage the enactment of federal legislation to  
13 prohibit or reduce corporate raiding by states of other states' corporations. The  
14 Department shall report on its progress in developing an interstate compact and the  
15 progress of any federal legislation to the Governor and, in accordance with § 2-1246 of  
16 the State Government Article, to the General Assembly, on or before January 15, 2000.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
18 effect July 1, 1999 and shall be applicable to all taxable years beginning after  
19 December 31, 1998 for all employees hired and premises obtained after December 31,  
20 1998; provided, however, that if by December 31, 1999, a business entity gives the  
21 written notification required under § 9-230(b)(6) of the Tax - Property Article to the  
22 appropriate county or municipal corporation, the notification shall be deemed to be  
23 timely given with regard to employees hired and premises obtained from December  
24 31, 1998 until the notification date.